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Attorneys for Debtor Arlie & Company

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF OREGON

In re Arlie & Company, Debtor.	Case No. 10-60244-aer11 **NOTICE OF DEBTOR'S INTENT TO SETTLE WITH CENTURY BANK ON LORD BYRON PLACE LOANS**

Arlie & Company, as Debtor-in-Possession (the "Debtor"), proposes to enter into a stipulated order substantially in the form of attached Exhibit A, and resolve its lender/borrower relationship with Century Bank on the affected properties listed below as follows:

The Debtor is unsure whether it can find purchasers willing to pay more than it owes Century Bank for the loans secured by its properties located at 2843, 2853, 2863, 2873 and 2883 Lord Byron Place in Eugene, Oregon (collectively, the "Improved Properties"). To resolve the need for any further litigation, the parties are prepared to stipulate that: (1) the Improved Properties shall be transferred to Century Bank by agreed-upon deeds in lieu of foreclosure; (2) the balance of the Century Bank cash collateral account will be delivered Century Bank; (3) the Debtor will only continue to use cash collateral as consented to by Century Bank and not for the Debtor's general overhead; (4) any deficiency claim of Century Bank relating to loans secured by the Improved Properties shall be waived; and (5) Century Bank shall have relief from stay. Additional detail may be found in the attached Exhibit A.

YOU ARE NOTIFIED that unless you file an objection to this notice no later than 21 days after the service date on the attached Certificate of Service, and set forth the specific grounds for the objection and your relation to the case, with the clerk of court at the United States Bankruptcy Court for the District of Oregon, 405 E 8th Ave #2600, Eugene, OR 97401 and also serve it on the undersigned counsel at the address below, the Debtor will proceed to take the proposed action and upload the attached stipulated order without further notice or a hearing.

DATED this 30th day of December, 2010.

PACHULSKI STANG ZIEHL & JONES LLP

By *__/s/ John D. Fiero________________*
John D. Fiero (CA Bar No. 136557)
Linda F. Cantor (CA Bar No. 153762

and

BALL JANIK LLP
David W. Criswell (OSB No. 925930)
Brad T. Summers (OSB No. 911116)

CERTIFICATE OF SERVICE

I hereby certify that I served copies of the foregoing *Notice of Debtor's Intent to Settle with Century Bank on Lord Byron Place Loans* on the following party

by CM/ECF:

• JOHN D ALBERT	darlene@albertandtweet.com, beth@albertandtweet.com
• JOHN F BARG	jfb@bcltlaw.com, cgw@bcltlaw.com
• LINDA F CANTOR	lcantor@pszjlaw.com
• CONRAD K CHIU	cchiu@daypitney.com
• BRADLEY S COPELAND	bcopeland@agsprp.com, soconnor@agsprp.com
• JOHN D FIERO	jfiero@pszjlaw.com, ocarpio@pszjlaw.com; ksuk@pszjlaw.com; azaragoza@pszjlaw.com
• MICHAEL W FLETCHER	michael.fletcher@tonkon.com, tammy.brown@tonkon.com
• THOMAS A HUNTSBERGER	tom@tahpc.com
• Thomas A Huntsberger	thuntsberger@ecf.epiqsystems.com
• P REBECCA KAMITSUKA	
• TEDDY M KAPUR	tkapur@pszjlaw.com, slee@pszjlaw.com
• MICHAEL P KEARNEY	mpk@kearneyatlaw.com, mholley@agsprp.com
• ALBERT N KENNEDY	al.kennedy@tonkon.com, leslie.hurd@tonkon.com; larissa.stec@tonkon.com
• JUSTIN D LEONARD	jleonard@bjllp.com, jweisenbach@balljanik.com
• JOHN CASEY MILLS	casey.mills@millernash.com, brenda.hale@millernash.com
• WILSON C MUHLHEIM	ecf@mb-lawoffice.com
• P SCOTT McCLEERY	scottm@gartlandnelsonlaw.com, kassiea@gartlandnelsonlaw.com
• FRANK F McGINN	ffm@bostonbusinesslaw.com
• ANDREW P PARKS	aparks@agsprp.com, lstevenson@agsprp.com
• TERESA H PEARSON	teresa.pearson@millernash.com, lisa.conrad@millernash.com; brenda.hale@millernash.com
• DANIEL P PEPPLE	dpepple@pjcs.com, dawnanderson9@pjcs.com; jsteinert@pjcs.com
• JACKSON SCHMIDT	jacksonschmidt@pjcs.com, dawnanderson9@pjcs.com; jsteinert@pjcs.com
• DOUGLAS R SCHULTZ	schultz@gleaveslaw.com, kirsten@gleaveslaw.com
• BRAD T SUMMERS	tsummers@balljanik.com, akimmel@balljanik.com
• US Trustee, Eugene	USTPRegion18.EG.ECF@usdoj.gov
• PATRICK W WADE	hhecfb@hershnerhunter.com
• HEATHER M WALLOCH	heatherw@gartlandnelsonlaw.com, kassiea@gartlandnelsonlaw.com
• GILBERT B WEISMAN	notices@becket-lee.com
• DOUGLAS R WILKINSON	doug@thorp-purdy.com, skelley@thorp-purdy.com

and on the following parties by mailing a full, true and correct copy in a sealed first-class postage prepaid envelope, addressed to the parties listed below, and deposited with the United States Postal Service at San Francisco, California on the date set forth below:

David E. Bomar
Balzhiser & Hubbard Engineers, Inc.
100 W 13th Ave
Eugene, OR 97401

Mike Broadsword
Eugene Sand & Gravel
POB 1067
Eugene, OR 97440

Gregory Brokaw
Rowell Brokaw Architects, PC
1 East Broadway #300
Eugene, OR 97401

JOHN C FISHER
767 Willamette St #201
Eugene, OR 97401

James R. Hanks
JRH Transportation Engineering
4765 Village Plaza Lp #201
Eugene, OR 97401

JONATHAN POLLAND
Rethink LLP
465 California St #310
San Francisco, CA 94104

Micheal Roberts
1919 Myers Road
Eugene, OR 97401

Jerry Vicars
Fabrication & Mechanical Group Inc
POB 42173
Eugene, OR 97404

WmThomas Construction
POB 2409
Florence, OR 97439

DATED: December 30, 2010

/s/ Oliver Carpio
Oliver Carpio

EXHIBIT "A" TO NOTICE OF DEBTOR'S INTENT TO SETTLE WITH CENTURY BANK ON LORD BYRON PLACE LOANS

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lcantor@pszjlaw.com
and

Brad T. Summers (OSB No. 911116)
David W. Criswell (OSB No. 925930)
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Telephone: 503/228-2525
Facsimile: 503/295-1058
Email: tsummers@balljanik.com
dcriswell@balljanik.com

Attorneys for Debtor Arlie & Company

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF OREGON

In re: Arlie & Company, Debtor	Case No.: 10-60244-aer11 **STIPULATION TO PROVIDE DEEDS IN LIEU OF FORECLOSURE, SURRENDER CASH COLLATERAL AND GRANT RELIEF FROM STAY TO IMPLEMENT; ORDER THEREON**

This stipulation (this "Stipulation") is entered into as of October 8, 2010 by and between Arlie & Company, the debtor-in-possession in the above-captioned chapter 11 case ("Arlie" or the "Debtor") and Century Bank ("Century"), by and through the undersigned duly-authorized counsel of record, based on the following:

RECITALS

A. Generally

1. On or about January 20, 2010 (the "Petition Date"), the Debtor filed a voluntary petition in the above-entitled Bankruptcy Court (the "Bankruptcy Court") commencing a case under chapter 11 of the Bankruptcy Code.

2. The Debtors' estate contains numerous real property assets. Among those assets are the following properties (collectively, the "Subject Properties") subject to liens and security interests in favor of Century Bank:

- 3058 Kinney Loop, Eugene, Oregon contains .40 acres of land (separately, the "Kinney Loop Property");
- 2843 Lord Byron Place, Eugene, Oregon;
- 2853 Lord Byron Place, Eugene, Oregon;
- 2863 Lord Byron Place, Eugene, Oregon;
- 2873 Lord Byron Place, Eugene, Oregon;
- 2883 Lord Byron Place, Eugene, Oregon, (collectively, and excluding the Kinney Loop Property, the "Improved Properties").

3. The Debtor also maintains at Wells Fargo Bank a separate cash collateral account for the benefit of Century (the Century Cash Collateral Account") pursuant to the terms of a *Stipulated Order Authorizing the Use of Cash Collateral and Granting Adequate Protection* entered on July 23, 2010 (the "Prior Cash Collateral Order"). The Century Cash Collateral

Account currently holds a cash balance of approximately $____________. Under the terms of the Prior Cash Collateral Order, the Debtor's right to use cash generated by the Subject Properties expired on October 31, 2010.

4. The Debtor does not wish to retain the Improved Properties or service the debt owed under the respective notes to Century (the "Notes"). Century wishes to obtain title to the Improved Properties in the most efficient manner possible through the execution and recordation of quitclaim deeds in lieu of foreclosure, and is willing to forego, release and waive any unsecured claim that it may have related to the Notes and their associated deeds of trust relating to the Improved Properties (the "Deeds of Trust"), including without limitation any claim for deficiency after recourse to such collateral.

5. The Debtor wishes to retain the Kinney Loop Property and intends to propose a treatment under its contemplated plan of reorganization consistent with the strictures of the Bankruptcy Code, or otherwise with the agreement of Century Bank.

AGREEMENT

NOW, THEREFORE, IT IS HEREBY AGREED AND STIPULATED, FOR GOOD AND ADEQUATE CONSIDERATION RECEIVED AND HEREBY ACKNOWLEDGED, as follows:

1. The effectiveness of this Stipulation is conditioned upon entry of an order of the Bankruptcy Court approving this Stipulation (the "Approval Order").

2. Following entry of the Approval Order on a date after January 1, 2011, the Debtors shall deliver to Century deeds in lieu of foreclosure (the "Income Property Deeds") with respect to each of the Improved Properties under the respective Deeds of Trust securing the

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415-263-7000

Notes, substantially in the form of Exhibit A attached hereto. Notwithstanding anything to the contrary in any such deed in lieu or in any other document, the transfers of the Improved Properties are made without representation or warranty, express or implied, of any kind, including without limitation any representations or warranties as to title, fitness, clouds or encumbrances against title, or condition of property.

3. Following entry of the Approval Order on a date after January 1, 2011, the Debtors shall also deliver to Century the entire balance of the Century Cash Collateral Account.

4. Effective as of the date of delivery to Century of the Improved Property Deeds described in paragraph no. 2 above, Century agrees and confirms that it shall not assert or hold any of the following claims, rights or obligations (collectively, the "Precluded Claims") arising from or relating to the Improved Properties, the Notes, or the Deeds of Trust: any claims, damages, rights, obligations, entitlements or causes of action, known or unknown, matured or contingent, liquidated or unliquidated, arising at any time, against the Debtor, its estate, representatives, agents, successors-in-interest, related parties, affiliates, insiders, or affiliates (collectively, the "Released Parties"), including but not limited to the Notes and Deeds of Trust.

5. Century represents and warrants to the Debtor that Century has not transferred, assigned, encumbered or otherwise disposed of any of the Precluded Claims prior hereto, and that Century is fully authorized and legally able to effectively and completely release and discharge each of the Precluded Claims.

6. Notwithstanding the provisions of paragraph 4, nothing herein shall be construed to affect, release, forego or waive any obligation other than the obligations specifically described

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herein owed by the Debtors to Century, specifically including but no limited to the Note and Deed of Trust relating to the Kinney Loop Property.

7. The automatic stay provisions of Section 362(a) of the Bankruptcy Code shall be modified solely to the extent necessary to implement the foregoing stipulated terms.

8. From and after November 1, 2010, the Debtor shall only use the funds in the Century Cash Collateral Account for expenses associated with the Subject Properties, as such expenditures are approved by Century Bank in advance.

Dated: December 16, 2010

PACHULSKI STANG ZIEHL & JONES LLP

By *_/s/ John D. Fiero_*
John D. Fiero
Linda F. Cantor

Attorneys for Debtor Arlie & Company

Dated: December 16, 2010

MUHLHEIM BOYD LLP

By *_/s/ Wilson Mulheim_*
Wilson Muhlheim
Julia Manela

Attorneys for Creditor Century Bank

EXHIBIT A TO STIPULATION

WHEN RECORDED MAIL TO:
Century Bank
P.O. Box 769
Eugene , OR 97440

UNTIL A CHANGE IS REQUESTED, SEND TAX NOTICES TO:
Century Bank
P.O. Box 769
Eugene , OR 97440

BARGAIN AND SALE NON-MERGER DEED IN LIEU OF FORECLOSURE

[GRANTOR RECITAL SHOULD FOLLOW TITLE], ("Grantor") conveys to CENTURY BANK ("Grantee"), the following described real property (the "Real Property"), subject to all liens, claims, encumbrances, easements, covenants, conditions, rights, restrictions and other matters of record affecting such Real Property, together with all Grantor's right, title, and interest in any land sale contract or lease agreement relating to the Real Property, if any: See Legal Description Exhibit A.

The Real Property or its address is commonly known as
The Real Property tax identification number is

The true and actual consideration for this conveyance consists of value other than monetary consideration. This Non-Merger Deed in Lieu of Foreclosure (this "Deed") is given in lieu of foreclosure of that trust deed executed and delivered by Grantor to Grantee, recorded on _________, reception number , in the official real property records of Lane County, Oregon (the "Trust Deed") to secure payment of a Promissory Note (the "Note") in the sum of $_________ and dated ________. The Grantee is the holder of all beneficial interest in the Trust Deed.

The Note and Trust Deed are in default and the Trust Deed is subject to foreclosure. Upon recording of this Deed, the obligations of the Grantor secured by the Trust Deed will not be satisfied by this Deed, but Grantee expressly agrees not to sue or seek any further right, remedy or recourse whatsoever against Grantor, any guarantors, or any other party or collateral with respect to the Note, the Trust Deed or any other document or instrument evidencing, securing, or otherwise pertaining to such obligations and Grantee hereby expressly waives and releases any such rights, remedies and recourse. In consideration of Grantee's acceptance of this Deed and the agreements of Grantee set forth in the preceding sentence, Grantee may retain all payments previously made on the Note, with no duty to account therefor.

Neither Grantor nor Grantee intends that this conveyance constitute a merger of the Grantee's interest under the Trust Deed with the fee title conveyed herein to Grantee, and it is the intention of the parties that the Real Property shall remain subject to the lien of the Trust Deed.

This Deed is intended as a conveyance absolute in legal effect, as well as in form, of the title to the Property to Grantee and this Deed is not intended as security of any kind. Grantor waives, surrenders, and relinquishes any equity of redemption and statutory rights of redemption that Grantor may have in connection with the Property and the Trust Deed.

This Deed does not effect a merger of the fee ownership and the lien of the Grantee described above. The fee and the lien shall hereafter remain separate and distinct. Grantee reserves its right to foreclose its Trust Deed at any time as to any party with any claim, interest, or lien on the Property.

Grantor has read and fully understands the above terms and is not acting under misapprehensions regarding the effect of this Deed, nor is Grantor under any duress, undue influence, or misrepresentations of Grantee, Grantee's agents, lawyers, or any other person.

Grantee hereby represents and warrants that Grantee is the holder of the Note and Trust Deed and has full authority to enter into the transaction contemplated by this Deed and to bind itself to the covenants, undertakings and assurances made by Grantee hereunder.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

DATED THIS ____ day of ___________, 2010.

[OWNERSHIP ENTITY]

By___________________________________
DAMION D. GILDAY
Its___________________________________

By ___________________________________
STEVEN R. CORNELIUS
Its___________________________________

THE UNDERSIGNED GRANTEE HEREBY JOINS IN THIS DEED FOR THE PURPOSE OF AGREEING TO THE AGREEMENTS AND UNDERTAKINGS OF THE GRANTEE SET FORTH IN THIS DEED:

CENTURY BANK

By: _______________________________
Name: _____________________________
Title: ________________ and Authorized Signatory

STATE OF OREGON)
) ss.
County of __________)

This instrument was acknowledged before me on this ___ day of __________, 2010, by DAMION D. GILDAY.

____
Notary Public for Oregon
My commission expires: ___________

STATE OF OREGON)
) ss.
County of __________)

This instrument was acknowledged before me on this ___ day of __________, 2010, by STEVEN R. CORNELIUS.

____
Notary Public for Oregon
My commission expires: ___________